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**FISCAL IMPACT STATEMENT**

**LS 6252**

**BILL NUMBER:** HB 1594

**NOTE PREPARED:** Dec 15, 2014

**BILL AMENDED:**

**SUBJECT:** Scratch-Off Tickets Benefitting Veterans.

**FIRST AUTHOR:** Rep. Lawson L

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**    **GENERAL**  
                              **X DEDICATED**  
                              **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** The bill requires the State Lottery Commission to adopt rules to establish a scratch-off game to benefit Indiana veterans. It requires that revenue from sales of tickets for the scratch off game be deposited into the Military Family Relief Fund.

**Effective Date:** July 1, 2015.

**Explanation of State Expenditures:** *State Lottery Commission:* The Commission will have some added responsibilities in adopting rules to establish a new scratch-off game. Since these responsibilities are an extension of Commission's normal duties, it would not have any additional expense associated with it.

**Explanation of State Revenues:** *Summary:* The bill requires the State Lottery Commission to adopt rules to establish a scratch-off game to benefit veterans and requires the Commission to deposit the profits from the sale of the scratch-off game in the Military Family Relief Fund. Profits from such a scratch-off game could potentially range from \$750,000 to \$1 M per year initially. The fiscal impact will begin in FY 2016.

The bill requires that the scratch-off game be offered in the month of May and November. If the Commission decides to offer the game only in those two months of the year, the revenue generated by the new scratch-off game could be less than the above estimates.

The sales volume and profitability of the game would depend on game pricing, payout rates, ticket printing and shipping costs, advertising and promotional costs, and other operational factors. The estimate above assumes that per capita sales of a game in Indiana would be comparable to the per capita sales volume realized by Illinois' veterans assistance scratch-off games during FY 2007 and FY 2008, which were the first

two full years of operation of that game. It also assumes a profit margin of 25%.

In addition, the extent that spending on the veterans benefit game may displace spending on other Hoosier Lottery games is indeterminable. Such displacement could potentially reduce the net income generated by other games that is deposited in the Build Indiana Fund.

*Additional Information* - The Illinois Lottery has operated a scratch-off game to benefit the Illinois Veterans Assistance Fund since February 1, 2006. Available information shows that FY 2006 sales (comprising only five months) totaled about \$5.9 M. Full-year sales of the veterans benefit game totaled approximately \$6.9 M in FY 2007 and \$8.3 M in FY 2008.

Since 2000, the operating margin for the Hoosier Lottery on draw games and instant ticket games combined has averaged about 26%, but the operating margin for instant tickets may be slightly below this overall average.

The Military and Family Relief Fund was established to provide assistance to the families of Indiana residents who are either members of a reserve component of the armed forces or the National Guard and are called to active duty after September 11, 2001. Money in the fund is provided as a grant to families unable to afford essential family support expenses.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Hoosier Lottery; Department of Veteran's Affairs.

**Local Agencies Affected:**

**Information Sources:** Hoosier Lottery, Annual Reports; [www.hoosierlottery.com/about-us/annual-report](http://www.hoosierlottery.com/about-us/annual-report) , Illinois Lottery, Annual Reports; [www.illinoislottery.com/en-us/About Illinois Lottery.html](http://www.illinoislottery.com/en-us/About_Illinois_Lottery.html) and [www.illinoislottery.com/en-us/Giving Back/Good Causes.html](http://www.illinoislottery.com/en-us/Giving_Back/Good_Causes.html) U.S. Census Bureau, *Annual Estimates of the Population*. <http://www.census.gov/popest/>

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